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August 15, 2008

2008 AUG 15 P 4:49

Mr. Gregory Sorenson
Manager
Litchfield Park Service Company
12725 W. Indian Bend Rd.
Suite D101
Avondale, Arizona 85392

AZ CORP COMMISSION
DOCKET CONTROL

SW-01428A-08-0234

Arizona Corporation Commission
DOCKETED

AUG 15 2008

Re: Will-Serve Letter – Wastewater Utility Service for Phase II of the Market at Estrella Falls

Via: Us Mail and Email

Dear Greg:

DOCKETED BY	<i>mm</i>
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Thank you for your August 13, 2008, Will-Serve Letter. We are pleased that Litchfield Park Service Company ("LPSCo") has confirmed its willingness to provide wastewater utility service for Phase II of the Market at Estrella Falls ("Development").

In order for us to proceed with opening the remainder of the Power Center and beginning construction of the Regional Mall, we still need to resolve a few remaining issues.

1. **Capacity Price.** In an August 6, 2008, e-mail from your counsel, we understand that you have accepted our offered price per gallon for wastewater treatment capacity. We believe that this resolves this issue. Please confirm our understanding.
2. **Capacity Requirement.** In your Will-Serve Letter, you confirm that the amount of capacity necessary for the Development will be calculated in accordance with ADEQ Engineering Bulletin 12, table 1 Average Daily Sewage Flow. Approximately three weeks ago, we provided you a study by Jacobs Engineering which determined, based on these criteria, that the required Phase II capacity for the Development will be 558,000 gallons. We have not received any response from you concerning the study's conclusions. Are we in agreement concerning the required capacity?
3. **Available LPSCo Capacity.** LPSCo and Algonquin have previously stated that LPSCo presently has or will have sufficient capacity to provide service to the remaining tenants of the Power Center and to the Regional Mall when it opens in the third quarter of 2010. Is this still LPSCo's position?
4. **Future LPSCo Capacity.** LPSCo has previously stated that it has a high degree of confidence that it will be able to serve the full needs of the Development through a planned one million gallon per day expansion of the LPSCo Palm Valley Treatment Plant. Is this still the case?
5. **Capacity Payment.** Based on the negotiated capacity price and the determined capacity requirement, we are prepared to immediately tender a payment for the entire future capacity requirement, even though, as you recognize, the final phases of the Development will be developed over an approximately 10 year period after the Regional Mall is completed. Are you prepared to accept this payment?
6. **Permitting.** You discuss required permits in your Will-Serve Letter:
 - a. What permits are still required for you to provide service to Developers from the one-mgd expansion of the Palm Valley Plant?
 - b. What is the status of LPSCo's efforts to secure the required permits?

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- c. What is the expected timing to secure the required permits?
 - d. What is the expected construction time frame once a permit is in hand?
 - e. How can we aid LPSCo's efforts to secure the required permits?
 - f. Are you aware of any other issues that would delay the one-mgd expansion of the Palm Valley Plant?
7. **Line Extension Agreements.** To move forward with construction, we will require execution of a suitable line extension agreement ("LXAs") for water and wastewater service. We took the liberty of drafting form LXAs for your consideration, modeled after previous LXAs we have executed with LPSCo, and provided them to you almost four months ago. We have not received any comments from you on the drafts. Are the draft LXAs satisfactory for preparing execution copies? If not, please provide any comments or edits as soon as possible.

As soon as we can resolve these few remaining issues, we should be able to quickly execute a settlement agreement that will allow all litigation to be dismissed and the Power Center and Regional Mall to be completed. Absent reaching a formal settlement agreement resolving the above issues, Westcor and Globe can not proceed with phase II of the power center, the Regional Mall or the surrounding developments.

Please contact me with any questions you may have.

Sincerely,



Rob Bassett

AVP, Development

Westcor

Cc: Mayor James Cavanaugh, City of Goodyear

Chairman Mike Gleason

Commissioner William A. Mundell

Commissioner Jeff Hatch-Miller

Commissioner Kristin K. Mayes

Commissioner Gary Pierce

Judge Dwight D. Nodes

Shawn Bradford, City of Goodyear

ACC Docket Control (13 copies)